



Jonathan Mintz
Commissioner

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BY REGULAR MAIL

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Re: Debt collection agency inquiry

Dear Mr. ██████████:

The Department of Consumer Affairs (the "Department") issues this letter in response to an inquiry you submitted to us. We apologize for our delay in issuing this response. You asked whether the Department interprets New York City's Licensing Law, Sections 20-488 et seq. of the New York City Administrative Code (the "Code"), to apply to "a non-resident debt collection agency whose sole activities are the filing and prosecution of claims in federal bankruptcy court." The short answer to your question is no; at this time, we are not requiring that a business that engages in no collection activities obtain a license.

The Licensing Law aims to regulate businesses that attempt to collect debts by contacting consumers, either directly or through the services of another entity, or by commencing litigation against consumers. As you have described it, your business does not perform any of these activities. In addition, as with other creditors, any distribution of consumers' funds to pay such debts is performed by a bankruptcy court, not as a direct result of your collection efforts. Finally, a consumer who has declared bankruptcy already enjoys protections and remedies under the Bankruptcy Code. As a result, the Department is not requiring entities such as your business, which does not attempt to collect debts from consumers, to be licensed at this time.

If your business engages in any debt collection activities beyond filing claims in bankruptcy court, then your business must obtain a license. Similarly, if your business engages in any collection activities prior or subsequent to filing such claims, it must be licensed. Note that the residence or non-residence of your business has no bearing on the question of whether or not it must be licensed.

Finally, please be aware that the Department is not currently taking a position regarding any possible preemption by the Bankruptcy Code of New York City's Licensing Law or Consumer Protection Law, or state or federal debt collection laws, nor should this letter be read to convey any such position.

For more information about New York City laws that apply to debt collection agencies, please visit the Department's web site at www.nyc.gov/consumers. Thank you for your inquiry.

Sincerely,

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